

MAESTRO CAUTIOUS FUND



PRESCIENT
LIFE

October
2018

Investment objective

The Fund's objective is to produce above average long-term returns whilst simultaneously aiming to assume less risk than is inherent in the market itself. The Fund adopts a conservative investment philosophy and is Regulation 28 compliant.

The Fund benchmark

The Fund measures itself against a benchmark consisting of 30% All Share Index, 30% All Bond Index (ALBI) and 40% Short term fixed income (STEFI) index.

Legal structure

The Fund is a pooled portfolio on the Prescient Life Limited balance sheet. The appointed portfolio manager of the Fund is Maestro Investment Management (Pty) Limited, an approved Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act, operating under license number 739. Prescient Life Limited is a linked insurer governed by the Long Term Insurance Act. Prescient Life Limited issues investment linked policies. This Fund operates as white label under the Prescient Life License.

Fee structure

There is no initial fee charged. The Maestro Growth Fund is a Fund with an annual management fee of 1.0% (excluding VAT). This is inclusive of investment consulting, all underlying managers, and administrative functions performed by Prescient Life.

Fund size

R 225 921

NAV

Class A: 2.0481

Long term insurer

Prescient Life Limited
(Reg. no: 2004/014436/06)

Auditor

KPMG Inc.

Portfolio manager

Maestro Investment Management (Pty) Limited

Enquiries

Andre Joubert
Maestro investment Management
Box 1289
CAPE TOWN
8000
Email: andre@maestroinvestment.co.za
Tel: (021) 674 9220

Orchestrating Your Wealth



Market Overview

We described the market behaviour during August as "catastrophic" and "concerning" as emerging market currency woes led to broad contagion across global markets. Sadly, I have to again go searching for an appropriate description for October's market behaviour. There is only one word that adequately describes last month's market behaviour, and that is "brutal".

The MSCI World index lost 7.4% during October, and the MSCI Emerging market index 8.8%. The year-to-date returns for these two indices are now -3.9% and -17.5% respectively. Amongst emerging markets, Turkey fell 9.8%, China 7.8% (down 21.3% so far this year), and Greece 7.5%. Amongst developed markets the Hong Kong equity market fell 10.1% (thanks in part to a 17.4% decline in tech heavyweight Tencent), Japan fell 9.1%, the US 6.8%, and the German Dax 6.5%. The tech-heavy NASDAQ index fell 9.2% (up 5.8% this year). The Hong Kong equity market has declined 16.5% so far this year, Germany 11.4%, and the US equity market 0.0%. The S&P Mid and Small cap indices declined 9.6% and 10.5% during October, bringing their year-to-date returns to -4.0% and 1.5% respectively.

Still on global markets, the Bloomberg Global Aggregate Bond index lost 1.1% in October, bringing its year-to-date return to -3.5%. The Bloomberg Commodity index fell 2.4% during the month, reflecting the 8.5% decline in the oil price. On the currency front, the dollar (DXY) index rose 2.1%, bringing its gain for the year to 5.4%. The rand Declined 4.2% against the dollar (16.2% decline year-to-date).

"To achieve great things, two things are needed; a plan, and not quite enough time."

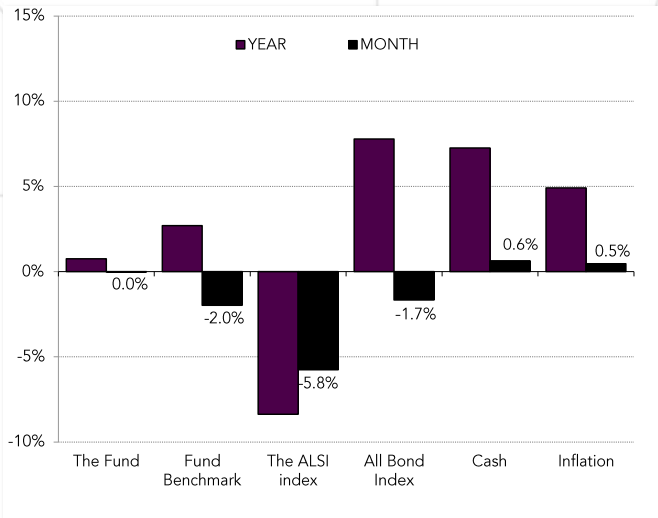
- Leonard Bernstein



PRESCIENT
LIFE

October
2018

Local market returns



Turning to local markets, the All Share index fell 5.8%, with the large cap (Top40) index leading the declines, ending down 6.7%. The Mid cap index rose 0.7% but the Small cap index declined 3.4%. The Basic Materials sector fell 3.9% although it is still up 16.2% for the year-to-date. The Financial sector lost 3.2%, for a 9.8% year-to-date gain, while the Industrial index led local declines during October, falling 8.0%, bringing its year-to-date return to -18.9%. Heavyweight losses include Aspen, down 43.8% so far this year, Tiger Brands 42.7%, Imperial 37.9%, MTN 37.4%, Coronation 33.5%, Mediclinic 33.2%, Massmart 31.2%, and Naspers 24.9%.

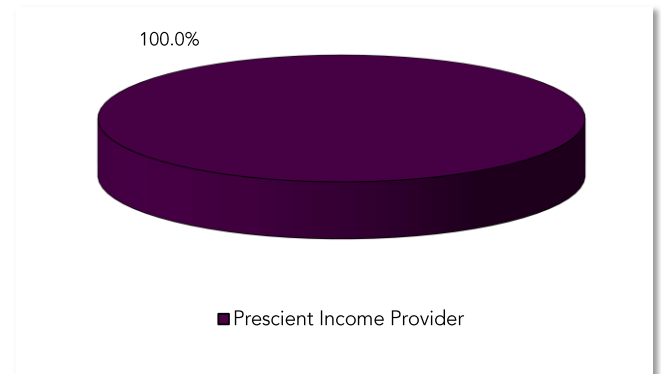
Monthly fund returns

During October the Maestro Cautious Fund's NAV was flat (0.0) versus the Fund's benchmark decline of 2.0%. The [Maestro Equity Prescient Fund](#) fell by 5.8% versus the 5.8% decline of the All Share index. The [Prescient Income Provider Fund](#) returned 0.8% against its benchmark return of 0.6%. The [Prescient Bond QuantPlus Fund](#) decreased by 1.1% versus its

benchmark increase of 1.7%.

The Maestro Cautious Fund does not invest in the [Central Park Global Balanced Fund](#).

Asset allocation



Largest Holdings

Investment	% of Fund
ZAR/USD FWD 20181130 RMBTD	7.2%
Prescient Flexible Global Income USD Fund	6.4%
Standard Bank 201220	3.5%
ABSA NCD 8.325% A 260819	2.6%
Firststrand Bond 6.250% 230423	2.3%
Absa NCD 8.35% 260819	2.1%
Standard Bank Group SBT102 300922	1.8%
Nedbank NCD 8.325% 230819	1.7%
Landbank Step-Up Note 141118	1.7%
IDC SA Ltd FRN 290119	1.6%
Total	30.8%

"To achieve great things, two things are needed; a plan, and not quite enough time."

- Leonard Bernstein

MAESTRO CAUTIOUS FUND

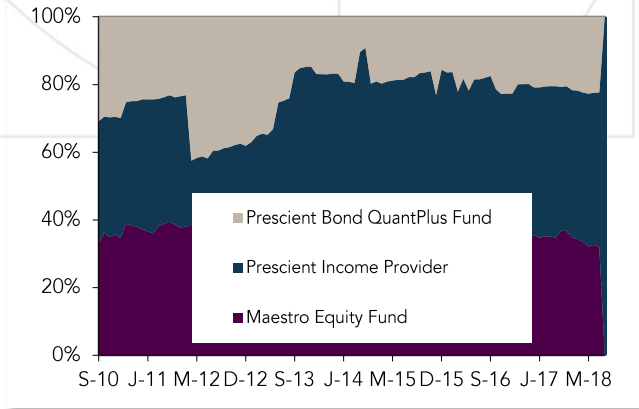
Orchestrating Your Wealth



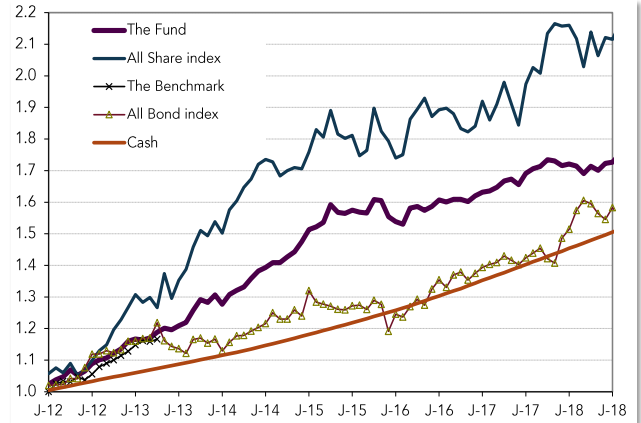
PRESCIENT LIFE

October 2018

Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 year	5 years	7 years
Maestro Cautious Fund	0.0	0.8	2.8	6.2	8.3
Benchmark	-2.0	2.7	5.7	6.7	8.1

Monthly and annual average return (%)

Investment	Year to date	2017	2016	2015	2013	2012	2011	2010
Maestro Cautious Fund	1.9	5.9	4.2	5.4	12.9	12.6	16.1	2.9
Benchmark	0.5	12.4	8.4	3.1	8.8	8.7	14.8	5.9

Units in linked insurance policies should be considered as medium to long-term investments. The value of units may go up as well as down and past performance is not necessarily a guide to future performance. Unit prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, Securities Transfer Tax, VAT, Auditor's fees, Bank Charges, Custodian fees and the annual Management fee) from the portfolio divided by the number of units in issue. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. Forward pricing is used. Maestro Investment Management (Pty) Limited and Prescient Life Limited are members of the Association for Savings and Investments of South Africa (ASISA).

